

The rise of virtual influencers.

Passing trend or the future of influencer marketing?



introduction 01
case studies 02
working with virtual influencers 03

introduction 01

Virtual influencers

Situation:

So far, there is no authoritative definition of virtual influencer. There are many related terms in the market, such as virtual human, digital human, virtual digital human, virtual idol, meta-human etc. While some may function differently, here, for convenience, they are broadly referred to as virtual influencers.

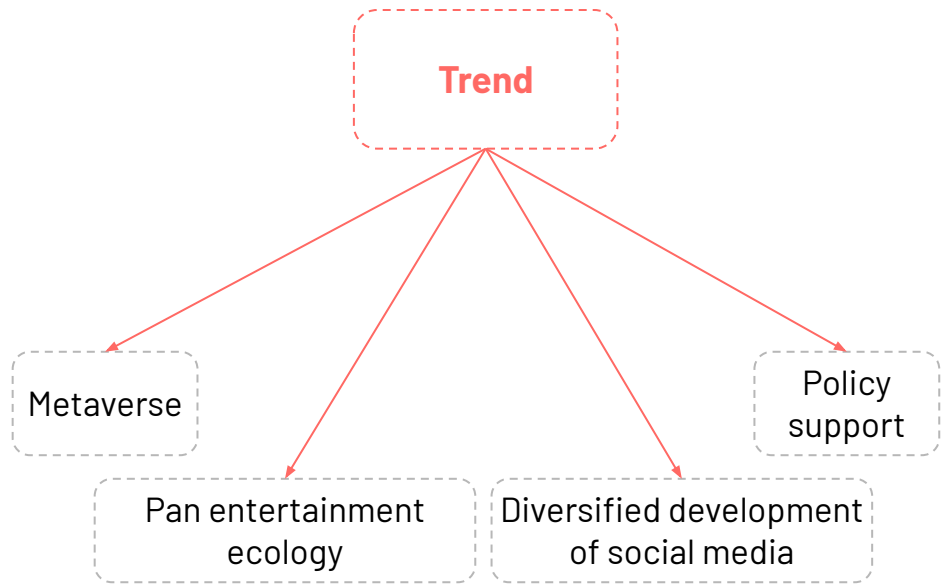
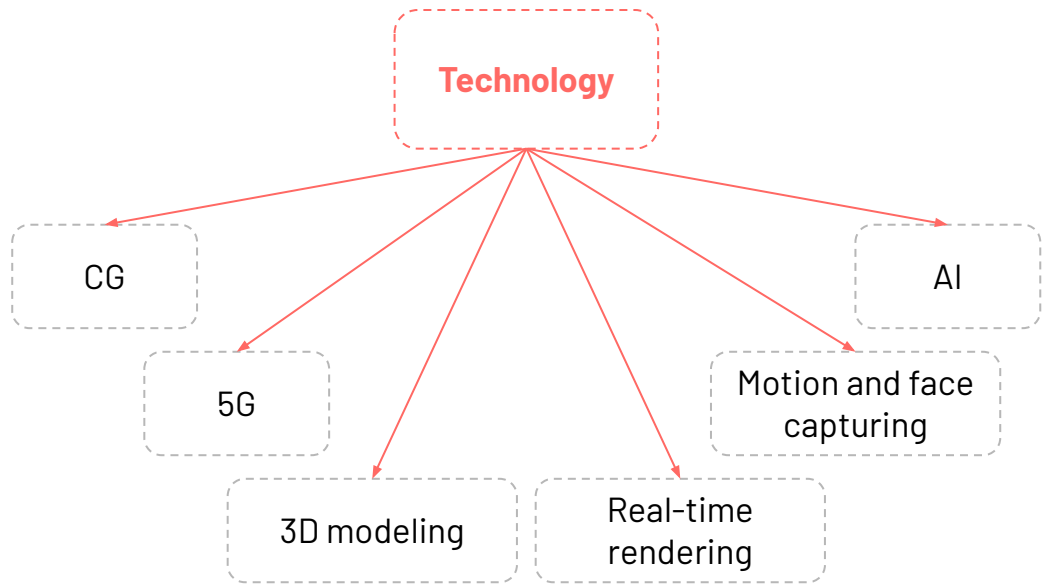
Definition:

According to many relevant materials and our own understanding, the definition of virtual influencer in this report is as follows: fictional characters generated in the form of painting, animation, CG (Computer Graphics), etc., have human-like appearances and behavior modes, do not exist in reality or history in the form of entities, but exist by display devices.



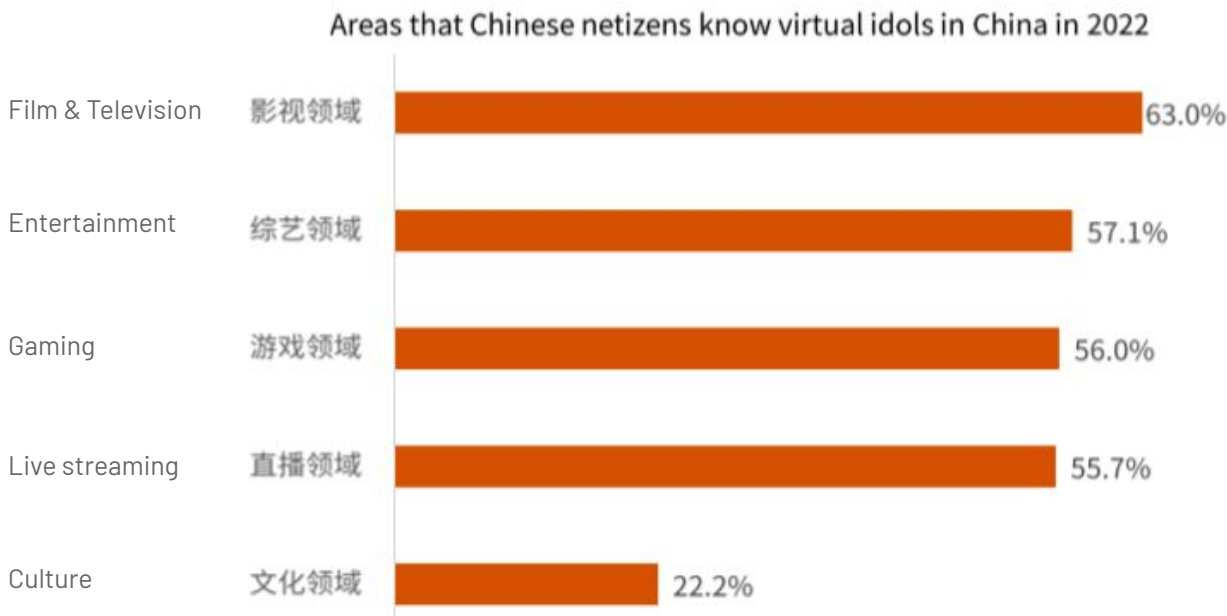
Driving force

The innovation of technologies and the rise of emerging trends have further promoted the development of China's virtual influencer industry.

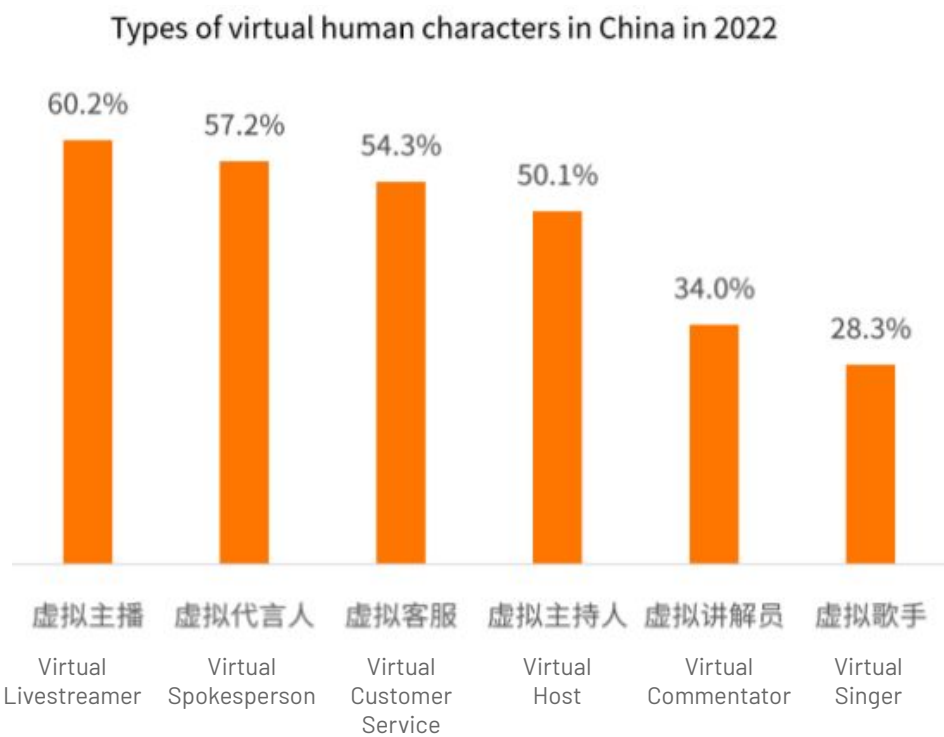


Areas & types of virtual influencers

Chinese netizens mainly know virtual influencers from following areas:



The virtual influencers in China mainly include the following:

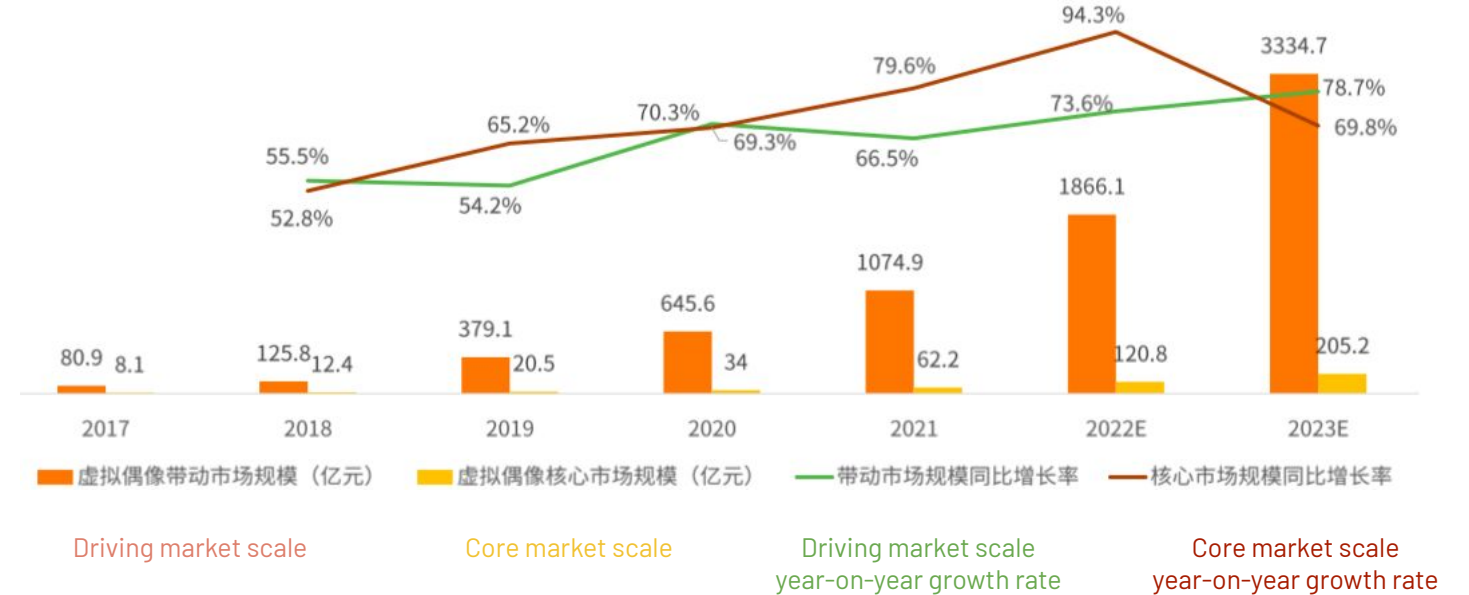


Industry Analysis

In recent years, the virtual influencer industry has maintained a **steady growth** trend. The annual year-on-year growth rate is **more than 50%**. In **2021**, the scale of the core market and driving market of virtual influencer is **107.49 billion yuan** and **6.22 billion yuan** respectively.

It will maintain a steady growth trend for **some time to come**. It is estimated to reach 186.61 billion yuan and 12.08 billion yuan respectively in **2022**.

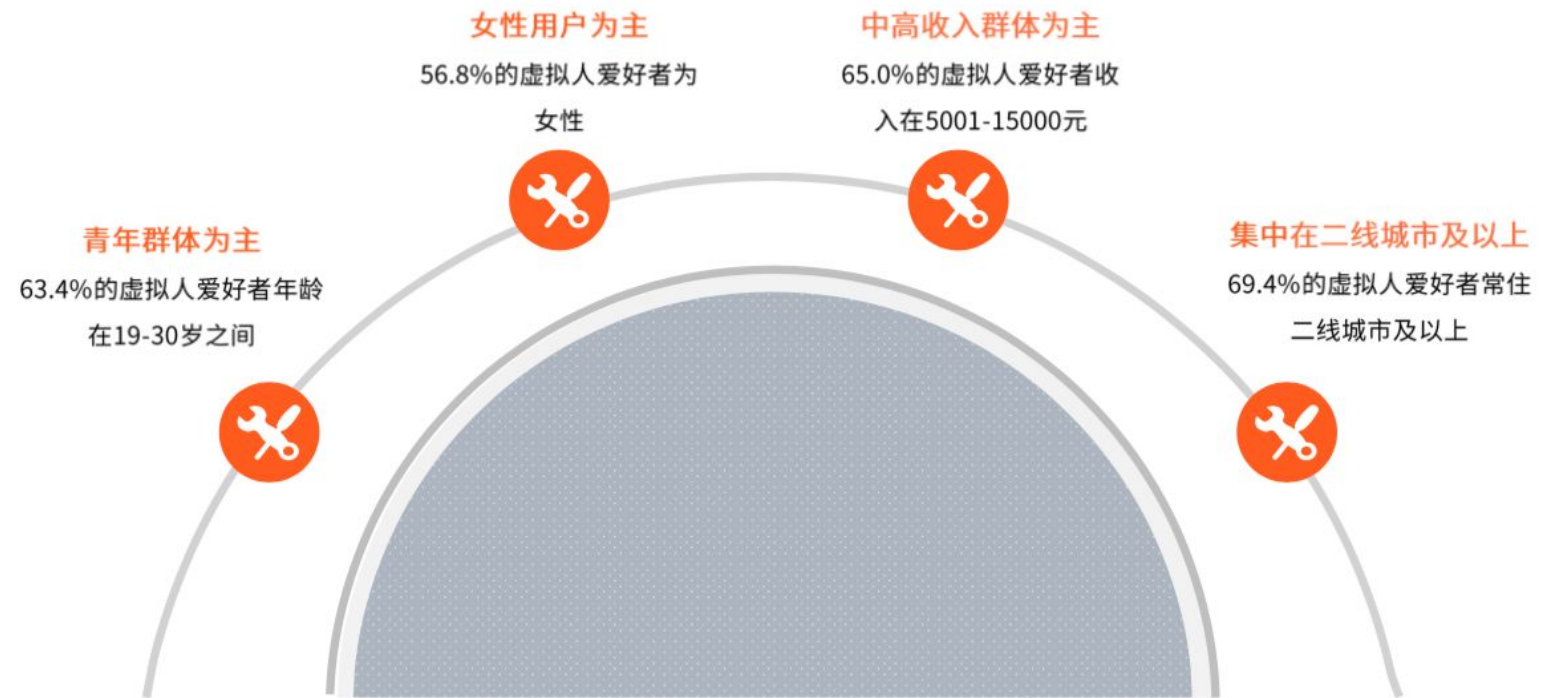
Actual and estimated market scale of core and leading virtual idol from 2017 to 2023



User persona

The main consumers of the virtual influencer industry market are mainly the following groups:

- Youth (63.4% aged 19~30 yo)
- Women (56.8%)
- Mid-and top-earners (65.0% earn 5,001~15,000 RMB)
- 1st and 2nd tier cities (69.4%)



case studies 02

Virtual IP - created by brands

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02 case studies - virtual IP created by brands

Qu Chenxi (屈晨曦)

by Watson China

Launched in July 2019, AI brand spokesperson of Watson China, has a pleasant appearance and a personality with great affinity.

He appears in Watson's various marketing activities and communication channels to not only spread the brand, but also diversify the communication methods between Watson and consumers by providing professional and personalized consulting services for customers' different consumption preferences and needs with Watson's own big data system.



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02 case studies - virtual IP created by brands

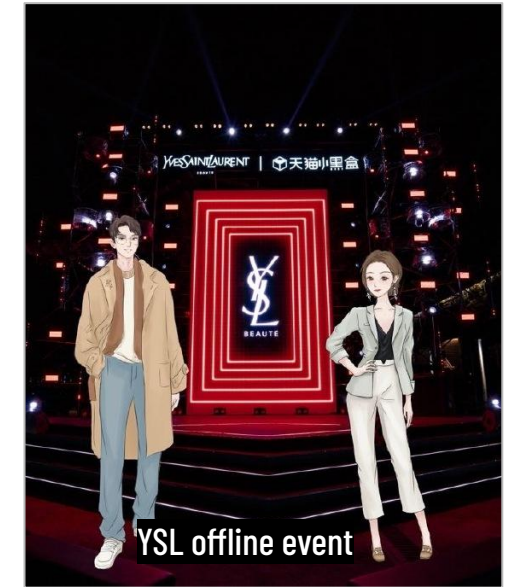
Mr. Ou (欧爷)

by L'Oreal China

Launched in March 2021, virtual brand spokesperson of L'Oreal China, head of L'Oreal China social networking platform. 24 years old, mixed Chinese and French, has multiple identities such as ingredient expert, beauty king, socialite, advocate of sustainability, dote on followers crazily and welfare lover.

Miss Lai (莱姐) is Mr Ou's assistant.

Their vision is to make everyone have beauty. They will share the latest beauty trends, introduce the ingredients, show you the views of celebrities, advocate and participate in public welfare projects.



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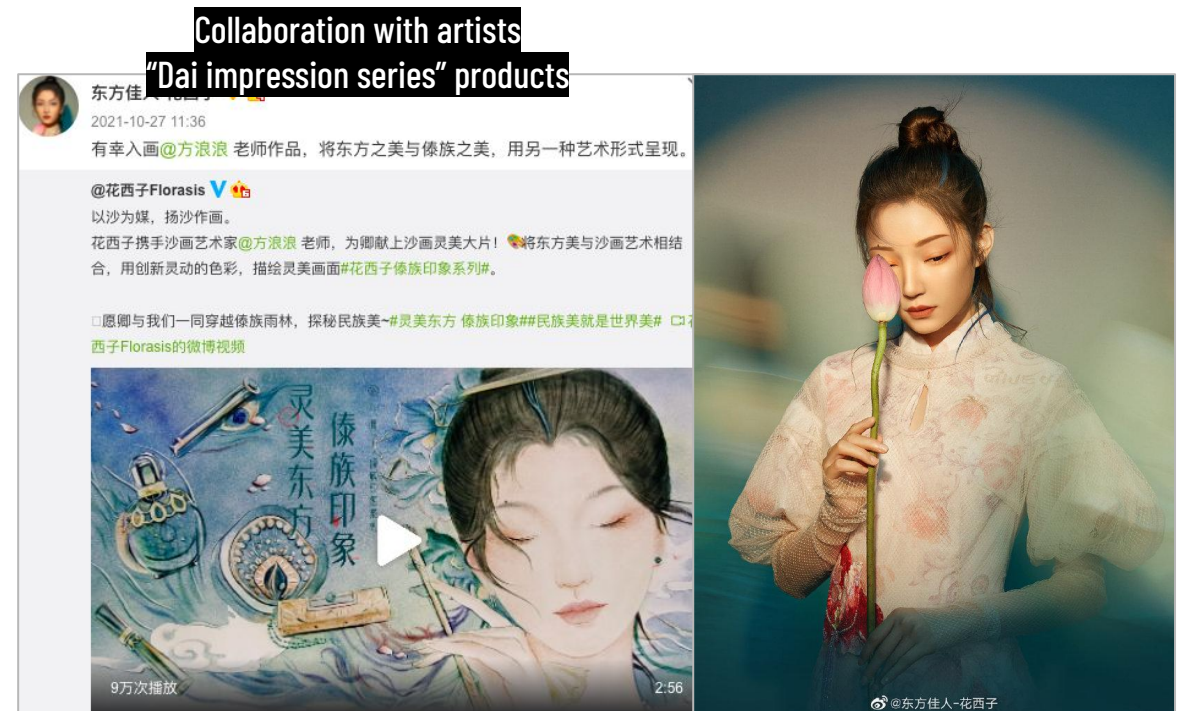
02 case studies - virtual IP created by brands

Hua Xizi (花西子)

by Florasis

Launched in June 2021, virtual human image of the same name of the Chinese cosmetic brand Florasis (花西子), combines classical elegance and modern fashion.

She is created to meet the needs of brand marketing promotion and to show the personality of the brand. At the same time, the brand also has high expectations for her, it regards her as the disseminator of Oriental culture and aesthetics, and bears on her shoulder the important task of presenting "Chinese makeup" to the world.



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02 case studies - virtual IP created by brands

Young (小漾)

by Hunan Satellite TV

Launched in October 2021, she is the **digital host** of Hunan Satellite TV, has good hosting skills, she's full of vitality and vivid expression.

She is mainly the host of "Hello Saturday" program, also appears on other occasions, such as the New Year Gala.



Virtual host of the program
"Hello Saturday"

Appear in 2021 Hunan Satellite TV
New Year Gala



02 case studies - virtual IP created by brands

Dong Dong (冬冬)

by 2022 Beijing Winter Olympics

Developed by Alibaba, a partner of the International Olympic Committee (IOC), **official virtual influencer** of 2022 Beijing Winter Olympic, an enthusiastic, outspoken Beijing-born 22-year-old who loves winter sports.

Apart from sharing Olympic-related fun facts and promoting Olympic games merchandise, she is also capable of hosting livestreams and interacts with audiences in an engaging manner. Overall, she helps deliver the experience of Olympic Winter games relating to e-commerce platform service to consumers much more creatively.



Taobao livestream featuring Dong

Dong



Bilibili livestream

case studies 02

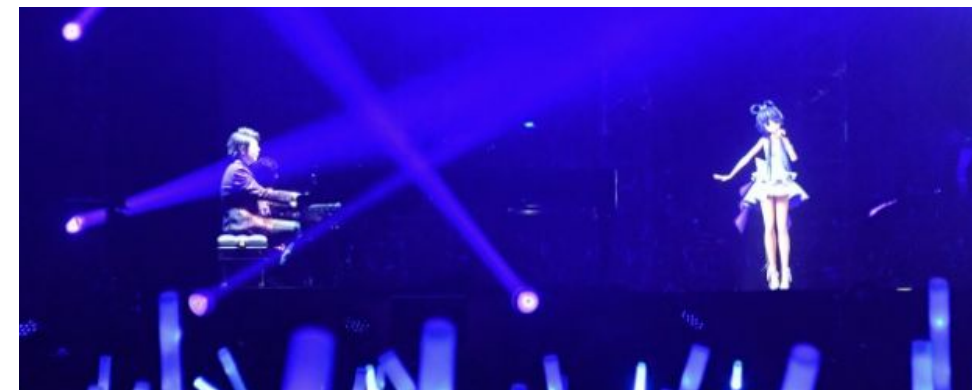
Virtual KOL - external

Luo Tianyi (洛天依)

Officially launched in 2012, Luo Tianyi is **China's first vocaloid** – a 15-year-old computer-generated, voice-synthesized pop singer. Until today, Luo had performed on numerous stages with real singers – with a prominent one to be 2021 CCTV Spring Festival Gala alongside Andy Lau and Andrea Bocelli. She has also collaborated with brands across different industries – from beauty to F&B, including KFC, Clarins and L'OCCITANE, where she appeared on a livestream with Li JiaQi, one of the biggest social media influencers in China.

Luo currently has approximately 5 million followers on Weibo ([@Vsinger_洛天依](#)), with many to be young ACG (anime comic game) fans. The idol has also inspired many to contribute to active fandoms through user-generated content, including cartoon renderings and songs composed by fans.

1. Vocaloid is a voice synthesizer software developed by YAMAHA in 2004, with the purpose of recreating human singing voices through the use of voicebanks.



Mini BAZAAR cover featuring Luo (Top Left);
Luo & Li JiaQi together promoting L'OCCITANE's hand creams on Taobao (Top Right);
Chinese pianist Lang Lang, left, performs with Luo at a concert in 2019 (Down).

Ling (翎)

Unveiled in May 2020, Ling is **China's first AI virtual influencer**. Ling's character is built around the national essence of Peking Opera, with a combination of classic and modern fashion, in which her appearance is designed to look good while wearing Peking Opera makeup.

Fashionable yet timeless, Ling has attracted many Chinese brands to collaborate with her as she is an embodiment of Chinese elegance. Earlier this year, Ling has worked with China Winter Sport and Yili (an official partner of Beijing Winter Olympic) separately to promote winter sports, as well as Yili's plant-based milk. She had also appeared on the CCTV show *Bravo Youngsters* (上线吧华彩少年) to compete with other human performers.



Ling (right) featured on the cover of Vogue Me.

阿喜 Angie

Created in the later 2020, Angie is the brainchild of a Shenzhen-based CGI animation director, Jesse Zhan. While most digital influencers were intentionally designed to look like a model, or to influence and sell, Angie stands out from others, as she doesn't pose in designer clothes.

She is an 18-year-old girl who wears simple clothes with minor blemishes on her face, just as a human being. Yet with her imperfections, she creates more possibilities in life, as she seems so realistic like an ordinary girl, making her more relatable to people. Recently, she has endorsed for AZO, feminine probiotic products, as well as OMODA electric car and JingDong x OPPO Find X phone.



Angie as the brand ambassador for an ice cream brand, Zhong Xue Gao (Right).

Ayayi

In line with the hype of the metaverse concept, Ayayi is **China's first meta-human** - that is, a digital human with hyper-realistic traits. Her emergence caused a heated discussion among many netizens due to her outstanding appearance, as well as the realism of the character.

The cool, edgy 18-year-old Ayayi has attracted many young followers, who see her as their fashion icon. Many brands have also collaborated with her as a way to establish brand images in metaverse while broadening the audiences, including Ralph Lauren, M.A.C, Alienware, and so many more.

Last year, Ayayi had also joined Alibaba as digital manager of Tmall Super Brand, where they jointly designed a mooncake gift set and a NFT (non-fungible Token) mooncake.



The mooncake co-designed by AYAYI's team and Tmall (Top Right);
Ayayi at Guerlain's summer garden party (Bottom Left);
MO Magazine cover featuring Chinese singer Boran Jing & Ayayi (Bottom Right).

The Futurer (无限王者团)

Debuted in the online game Honor of Kings (王者荣耀), the virtual male idol group, The Futurer, has formed a large strong fan base at the outset due to the game's existing popular content. Owned by Tencent, The Futurer currently has approximately 2.3 million followers on Weibo.

The group has been featured on the cover of SuperELLE, and styled with Givenchy's garments to promote iQiyi Festival campaign. M.A.C Cosmetics has also launched Honor of Kings make-up line with the design based on the five characters. Although The Futurer has garnered a lot of attention within AGC fans, the engagements seem to be limited outside the gaming community.

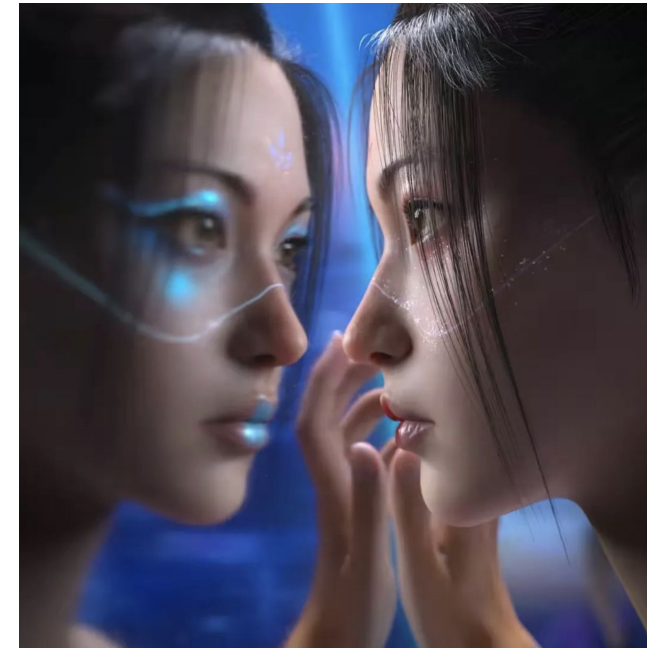


SuperELLE magazine cover featuring The Futurer in Givenchy's Qiyi collection of ready-to-wear garments (Left); M.A.C x Honor of Kings limited collections (Right).

Liu Yexi (柳夜熙)

Created on a Halloween night last year, Liu Yexi is a “virtual beauty expert who can catch demons”, as stated on her Douyin biography. From market positioning, character setting to story creation, her character is set to be in line with the prevailing national trend.

Liu’s arrival swelled millions of fans overnight, with many praising the high quality content that are produced. As Liu has only been created for a several months, there has not yet been any brand collaborations at the moment. Yet, how will the character unfold is something worth paying attention to.



working with virtual influencers 03

Virtual influencers offer brand benefits like...

- **Safeguard a brand's interest**
Brands have more control regarding virtual influencers' behaviours, images, and messaging, to avoid potential risks that may occur to human celebrities such as scandals, aging, out of shape.
- **Limitless creative possibilities**
Due to their technological origins, virtual influencers can be at anywhere, at anytime, photographed in anyway, providing endless possibilities for truly creative and seamless product integration.
- **Lower collaboration fee**
Avoid the high collaboration/endorsement fees of human celebrities, as well as all sorts of product samples, travel, accommodation and refreshments costs. Moreover, virtual influencers (livestreamer, ect) can work continuously without rest.
- **Captivate a young audience**
The majority of virtual influencers today are built based on the interests and preferences of younger audiences. Moreover, these virtual influencers add an innovative cool factor to brands, amplifying brands' appeal, allure in the eye of consumers.

Yet, there may also be a problematic aspect...

- **Reduce the credibility of endorsement**
Since virtual influencers do not in fact “exist”, people may question the authenticity of product endorsements and reviews as they cannot physically try out products.
- **High development & operation cost**
While the collaboration fee with virtual influencers may be lower than many human celebrities, brands who create virtual image/IP on their own have to bear the high development and post-operation costs.
- **Possible risks**
Although it reduces the risks brought by human celebrities’ scandals, there will also be risks caused by technical problems, equipment failures, staff mistakes, etc.
- **Shifting attention away from brands/products**
In the case of virtual influencer endorsements, people often focus more on the virtual influencer itself (comments like “whether it looks like a real person”) and neglect the brand they are presenting, which may not work as effectively for brand promotion.

Summary

Marketing aspect

- Creating owned virtual image/IP or collaborating with virtual influencers could be a good way for brands to avoid the risk of scandals of human idols and celebrities.
- As e-commerce, technology and brand self-cognition continue to develop and grow, virtual influencer marketing will play a greater value.
- Virtual influencers will no doubt become an important marketing method in the future, but they will not completely replace human celebrities.

Social aspect

- With the innovation of technology and the improvement of public awareness, virtual influencer is no longer a niche field, its audiences has also expanded from ACGN (*Animation, Comics, Games, Novels*) lovers to the general public.
- The purpose of virtual influencers is no longer limited to meeting people's entertainment needs. They now serve more industries and scenes, including film & television, marketing, government affairs, medical treatment, education and more.
- The upsurge of "Metaverse" concept has accelerated the development of the virtual influencer industry, and many conglomerates such as Netease, Tencent and ByteDance join the field.

Suggestions

- For many brands, especially small brands, it may be better to collaborate with existing mature external virtual influencers instead of incubating virtual IP internally due to the high development and operation costs.
- For some big brands with enough budget, they can customize virtual image/IP that fully serves the brand. Compared with external virtual influencers, owned virtual influencers are more closely connected with the brand and can assume more responsibilities in communicating with consumers, such as providing professional and personalized consulting services for customers.
- For released content, it's difficult to leave a good impression on the audience if virtual influencers blindly publish commercial posts without high-quality content. For example, Liu Yexi has gained a lot of public praise for her content with plots, while there are many negative comments such as "aesthetic fatigue" and "there is no content except advertising" in Ayayi's RED posts.
- For collaboration methods, at this stage, we can choose co-branding (adding virtual influencer elements in product modeling, packaging or advertising films, etc), rather than replacing human KOLs with virtual KOLs (to promote makeup effect, food taste, etc), so as to reduce people's doubts that virtual influencers can not have real user experience.

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That's all folks!